

Message Text

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STADIS////////////////////////////////

E.O. 11652: N/A

TAGS: EINV

SUBJECT: EXPROPRIATION CASES

1. WE HAVE NOT INFORMED YOU THUS FAR OF THE RESULTS OF THE JUNE 25 MEETING OF THE CIEP INTERAGENCY GROUP ON EXPROPRIATION BECAUSE, FRANKLY, WE ARE UNABLE TO AGREE WITH TREASURY ON THE FORM AND CONTENT OF A PROPOSED DEMARCHE. HOPEFULLY THIS MESSAGE WILL FILL YOU IN UNTIL THE DIFFERENCES ARE RESOLVED.

2. THE MEMBERS OF THE EXPROPRIATION GROUP ALL SHARED CONCERN ABOUT THE PACE OF BDG EFFORTS TO RESOLVE OUTSTANDING EXPROPRIATION CASES. AS YOU RECALL, THE GROUP'S DETERMINATION IN DECEMBER THAT THE BDG WAS TAKING STEPS ADEQUATE TO RETAIN GSP ELIGIBILITY WAS BASED IN LARGE PART ON FORMATION OF THE PAYMENT CELL AND COMMITMENT TO A PAYMENT SCHEDULE BEGINNING WITH AN INITIAL PAYMENT OF 20
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PERCENT OF THE BDG'S EVALUATION BY JUNE 30, 1976. FAIL-

URE OF THE BDG TO MAKE THIS PAYMENT TO ANY US FIRM RAISES A QUESTION OF ON WHAT BASIS CONTINUED GSP ELIGIBILITY CAN BE MAINTAINED. WE ARE AWARE, OF COURSE, THAT ONLY A FEW US FIRMS ARE VIEWED BY THE BDG AS ELIGIBLE FOR THE 20 PERCENT PAYMENT AND HAVE COMPLETED APPLICATIONS FOR COMPENSATION. THE GROUP IS IN AGREEMENT THAT WE NEED FIRST TRANCHE PAYMENTS OR OTHER CONCRETE EVIDENCE OF PROGRESS, AND IT DECIDED ON JUNE 25 TO LEVY A DEMARCHE ON YOU THAT WOULD TAKE A RATHER HARD LINE.

3. TREASURY, WITHOUT SUPPORT OF ANY OTHER AGENCY, WISHES THE DEMARCHE TO TAKE THE FORM OF A DIPLOMATIC NOTE GIVING THE BDG 60 DAYS TO TAKE SPECIFIC STEPS OR THEIR EQUIVALENT. THE NOTE WOULD ADVISE THE BDG THAT, IF THEY FAIL TO TAKE SUCH STEPS, THE EXPROPRIATION GROUP WOULD BE OBLIGED TO MAKE A DETERMINATION THAT WOULD LEAD TO LOSS OF GSP ELIGIBILITY, LOSS OF BILATERAL ASSISTANCE, AND NEGATIVE US VOTING ON IFI LOANS. NEEDLESS TO SAY, WE ARE OPPOSED TO SUCH A NOTE ON BOTH SUBSTANTIVE AND PROCEDURAL GROUNDS. WHILE WE ARE ATTEMPTING TO RESOLVE DIFFERENCES HERE, WE HOPE THAT THE BDG WILL CONTINUE TO MAKE PROGRESS SO THAT THE PASSAGE OF TIME DOES NOT STRENGTHEN TREASURY'S POSITION.

4. IN LIEU OF A GENERAL DEMARCHE, WE ARE SENDING BY SEPTELS AN OPIC RESPONSE TO THE BDG'S REJECTION OF THE BELBAGCO CLAIM AND SUGGESTED STEPS YOU MIGHT TAKE TO HELP US KEEP ON TOP OF EACH CASE. TREASURY HAS NO OBJECTION TO THIS LANGUAGE. UNTIL YOU HEAR FURTHER, WE HOPE THAT YOU WILL DO EVERYTHING WITHIN YOUR POWER OF PERSUASION TO KEEP THE BDG MOVING ON EXPROPRIATION CASES. ROBINSON

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